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09/879,677	06/12/2001	Yesim Erke	END920010025US1	5004
7590 William E schiesser IBM Corporation Dept. IQ0A/Bldg.40-3 1701 North Street Endicott, NY 13760			EXAMINER CHAMPAGNE, LUNA	
			ART UNIT 3627	PAPER NUMBER
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

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**MAILED**  
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**GROUP 3600**

**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/879,677  
Filing Date: June 12, 2001  
Appellant(s): Erke et al.

\_\_\_\_\_  
John R. Pivnichny  
For Appellant

**EXAMINER'S ANSWER**

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This is in response to the appeal brief filed July 24, 2007 appealing from the Office action mailed March 21, 2007.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. However, the rejection under 35 U.S.C. 112, second paragraph, has been withdrawn by the Examiner.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

5,946,662	Ettl et al.	08-1999
6,826,538	Kaylan et al.	11-2004

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

The rejection under 35 U.S.C. 112, second paragraph, has been withdrawn by the Examiner.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art

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are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

Claims 3-4 and 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ettl et al. (US5946662).

Ettl et al. disclose the limitations of the claims (See specifically Columns 24-29, "8 Demonstration") except the specific teaching of providing handling costs for each of the stocking locations, and the equipment requiring one or more parts installed at the customer locations.

The limitations lacking in the prior art are well known issues/scenarios in business and to modify Ettl et al. to include the provision of handling costs and to have the parts be required by equipment at the customer locations, would have been obvious to one of ordinary skill in the art at the time of the invention in order to consider all costs and scenarios when using the optimizing software.

Claims 6, 7, 21-22, 24-27 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ettl et al. (US5946662) in view of Kalyan et al. '538.

Ettl et al. disclose the limitations of the claims (See specifically Columns 24-29, "8 Demonstration") except the specific teaching of providing handling costs for each of the stocking locations, the equipment requiring one or more parts installed at the customer locations, and the parts being grouped by importance into a plurality of groups and the pre-specified time comprises a corresponding plurality of times.

Kalyan et al. teach that a product may have multiple components (See for example Col. 9, lines 41-54; ***constituting a "plurality of groups"***) whereby the MAV (minimum accepted value) is calculated for each component. Each MAV calculated is a function of "lead time" (See Col. 9, lines 54-56; ***which correlates to applicant's claimed "plurality of times"***).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Ettl et al. to include grouping the parts whereby the groupings have a corresponding plurality of times, in view of Kaylan et al., in order to account for the variables in pricing associated with lead time.

It would have been further obvious to one of ordinary skill in the art at the time of the invention to modify Ettl et al. to have the groups be grouped by importance, as a customer would want to ensure that the most critical components arrive in less time than the less critical parts.

The further limitations lacking in the prior art are well known issues/scenarios in business and to modify Ettl et al. to include the provision of handling costs and to have the parts be required by equipment at the customer locations, would have been obvious to one of ordinary skill in the art at the time of the invention in order to consider all costs and scenarios when using the optimizing software.

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Re Claim 24, Ettl et al. lacks specifically a method wherein data for a plurality of customer locations include travel time and cost to transfer a part from each of a plurality of stocking locations to each of said customer locations.

However, it is well known in the art of inventory that information on travel time and cost of transportation is used for planning and billing. Therefore, it would have been obvious to a person of ordinary skill in the art to include travel time and transportation cost on the agreement between the locations, in order to clarify the agreements between the parties because the interdependence of base stock level at different stores affects the overall system performance (*See, for example, Ettl et al. col. 4, lines 19-20*)

Re claim 25, Ettl et al. fail to disclose a method wherein said optimization computer program is a mixed integer optimization program.

However, Kaylan et al. disclose a method wherein said optimization computer program is a mixed integer optimization program. (*See col. 4, lines 31-35*).

Therefore, it would have been obvious, at the time of the invention, to a person of ordinary skill in the art to modify Ettl et al. by using a mixed integer optimization program, as taught by Kaylan et al., in order to be able to account for the different types of data/variables used to compute the inventory levels at the locations (*See, for example, Ettl et al., col. 4, lines 31-35*).

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Re claim 26, Ettl et al. disclose a method wherein said inventory levels are computed to meet a total inventory cost while maximizing the percentage of said parts in said request rates which can be transferred from any said stocking location to each respective said customer location within a pre-specified time (See col. 28, lines 3-4; lines 18-23).

Re claim 27, Ettl et al. disclose a method further comprising computing an estimated time for each part to be transferred from any said stocking location to each respective said customer location for each of said parts in said request rates (See col. 6, lines 20-24; col. 34, lines 2-4).

#### **(10) Response to Argument**

##### **Group 1:**

The rejection under 35 U.S.C. 112, second paragraph, has been withdrawn by the Examiner. Therefore, Applicant's argument regarding this rejection is considered moot in view of the withdrawal.

##### **Group 2:**

The Examiner respectfully disagrees with Appellant's argument that Ettl does not describe or suggest a two-hour neighborhood or a plurality of stocking locations located there within. Ettl discloses distribution of parts between Atlanta and Cleveland, (see column 24, lines 50-57). The travel time between Atlanta and



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Cleveland by plane, is approximately two hours. Furthermore, it would have been obvious to a person of ordinary skill in the art to arrange for stocking locations/warehouses and distribution centers to be in close proximity, in order to minimize transportation time, provide timely services to customers, and increase productivity and revenue.

**Group 3:**

In view of the Examiner's response in Group 2 above, the prior art Ettl anticipates the limitations of the dependent claims. Therefore, the same response to argument applies to the claims of this group.

**(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

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Respectfully submitted,

Luna Champagne



September 24, 2007

Conferees:

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